GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:265
ANSWERED ON:03.07.2009
INVESTMENTS IN FOREIGN COMPANIES
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Will the Minister of FINANCE be pleased to state:

(a) the details of American companies taken over by Indian companies during the years 2007-08 and 2008-09, separately;

(b) the amount of funds invested abroad as a result thereof during each of the above two years; and

(c) the details of new concessions and facilities announced by the Union Government and the Reserve Bank of India to encourage capital investment in foreign countries during the above period?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a): Number of joint ventures/wholly owned subsidiaries/unincorporated entities set up by the Indian companies in US, as per the data provided by the Reserve Bank of India (RBI), is as under:

2007 (Jan-Dec) - 122
2008 (Jan-Dec) - 196
2009 (Jan - June) - 65

(b) The quantum of investment by the India corporate in USA during the years 2007-2008 and 2008-2009 is as under:-

Amount in USD Million

Year (April -March)	Equity	Loan	Total
2007-08	890.64	422.18	1312.82
2008-09	557.81	335.34	893.15

(c) The direct investments by residents in Joint ventures and wholly owned subsidiaries abroad are being allowed in terms of FEMA Notification 120/RB-2004 dated July 7, 2004 as amended from time to time. In order to encourage capital investments abroad, the ceiling on investments by the Indian resident companies has been raised to 400% of the net worth and the portfolio investments by the Indian listed companies to 50% of their net worth from September 2007 by RBI in consultation with the Government. The Indian companies are currently allowed to make investment in Overseas Unincorporated entities in Oil sector and Energy and Natural Resources Sectors besides capital investments from Registered Trusts/Societies in manufacturing/education/hospital sectors on the approval route.